

Republican Tax Cut Promises Do Not Fit Within Their Own Budget

The following chart shows the cost of the tax reductions promised in the Bush budget or that passed the House last year. It does not include many other items such as long-term capital gains relief and business tax relief.

	10-year Cost in billions
Individual Income Tax Rate Reductions (H.R. 3 as passed by House)	\$958
Thomas modified version of child credit increase and marriage penalty relief (H.R. 6 as passed by the House)	\$399
Phase-out of estate and gift taxes, H.R. 8 as reported by Ways and Means)	\$193
Bush proposal for tax incentives for charitable contributions (allowing charitable deduction to non-itemizers, allowing withdrawals from IRAs for charitable purposes, and increasing limitation on corporate charitable contributions)	\$56
Bush Education IRAs	\$6
Pension/IRA liberalizations passed by House last year.	\$64
Bush proposal for permanent extension of research credit.	\$50
Permanent extension of other expiring tax provisions, including work opportunity tax credit and treatment of foreign financial services businesses.	\$43
Bush proposal for health-related tax benefits.	\$123
Small business tax provisions as passed by the House last year.	\$36
Minimal fix to alternative minimum tax required as a result of Republican rate reductions.	\$292
Capital gains tax cut	\$103
Total tax reductions	\$2,323
Debt service cost	\$556
Total budget effect	\$2,879

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